



IMPORT CARGO REPORTING - SEA ENVIRONMENT

The final phase of Customs Cargo Management Re-engineering (CMR) project will introduce significant changes to import cargo reporting. These changes will coincide with the introduction of new business rules, legislation and the import component of Customs new computer system, the Integrated Cargo System (ICS).

The ICS will replace Customs existing import reporting systems, Air Cargo Automation (ACA), Sea Cargo Automation (SCA) and COMPILE.

The introduction of the ICS, new legislation and business rules will streamline the reporting, movement and release of import cargo and further strengthen Customs and the Australian Quarantine and Inspection Services' (AQIS) risk-assessment capabilities.

SUMMARY OF CHANGES TO THE IMPORT REPORTING ENVIRONMENT

- mandatory electronic reporting of cargo, incorporating in-transit cargo reports*
- flexible reporting options allowing Internet-based reporting
- a new 'early report, early status' regime
- broader client access to diagnostic facilities
- abolition of transshipment entries
- new reporting timeframes
- introduction of cascade reporting
- implementation of sanctions in line with Customs Regulatory Philosophy.

MANDATORY ELECTRONIC REPORTING

All sea cargo will have to be reported and cleared electronically. No provision will exist for documentary release of cargo, except as a Customs-declared contingency measure, or during the general moratorium period as described under General Moratorium. Electronic reporting will expedite the risk-assessment process, minimising the time it takes Customs and AQIS to clear and release legitimate cargo.

FLEXIBLE REPORTING OPTIONS

The new security gateway for the ICS, the Customs Connect Facility (CCF), will provide two options for electronic reporting to Customs. It will be possible to lodge reports using purpose-built electronic data interchange (EDI) software or through the Internet by using the Customs Interactive facility.

EDI software will connect to Customs through an Internet service provider or a direct line. This will enable Customs clients to batch multiple reports and send as one message. A list of EDI software providers can be found on the Customs website (follow the links to Cargo Management Re-engineering).

Customs Interactive is the name given to the Internet version of the ICS. Industry users will be able to access it through the Internet as they would any site. The Customs Interactive facility will provide the full range of import reporting functions as well as an import diagnostic facility.

EDI clients will also be able to access the Customs Interactive facility as a contingency measure if they experience difficulties with EDI reporting. Reports originally submitted through EDI will be able to be amended or withdrawn using the Customs Interactive facility. However, if the report is lodged using the Customs Interactive facility, any amendments or withdrawals to that report will have to be made within Customs Interactive.

To use Customs Interactive or send messages via EDI software, clients will have to be registered with Customs and possess at least one valid digital certificate. For more information see the *Communicating electronically with Customs* fact sheet, available on the Customs website.

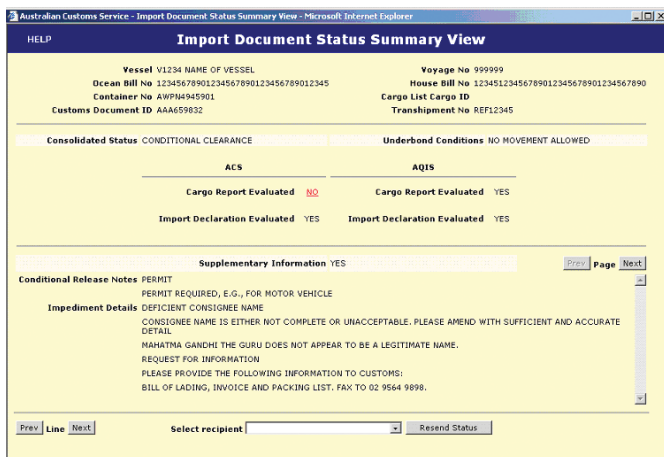
EARLY REPORT, EARLY STATUS AND DIAGNOSTIC FACILITIES

Early report, early status (ERES) is a Customs initiative that will give cargo reporters the ability to report cargo early to obtain an early status. Early status will provide cargo reporters greater certainty about the release of their cargo.

* More information about in-transit reporting, including reporting timeframes may be found on the *In-transit cargo reporting* fact sheet.

Early status will be provided once the screening period (24 hours) has expired and the vessel* nominated on the cargo report has departed its last overseas port.

Changes will also be introduced to provide industry with an improved diagnostic facility. This will provide cargo reporters with additional access to the consignment status, currently only available through COMPILE. The diagnostic facility will be available to anyone with a vested interest in the cargo. The facility can be used to view the status of cargo reported to customs. The identity of parties requesting consolidated status information will be authenticated by Customs through the use of digital certificates. The diagnostic facility will only be available through the Customs Interactive facility. A more detailed cargo status is available for the party reporting the cargo and/or responsible for the import declaration.



ABOLITION OF TRANSHIPMENT ENTRIES

The current legislative requirement to lodge transshipment entries will be repealed. Transshipment goods will be allocated a transshipment number by the ICS. This number will be automatically generated when the import cargo report quotes an Australian port of discharge and an overseas final destination for the cargo. This number will be in the same format as a Customs authority number (CAN). This will allow a transshipment number to be entered in the CAN field on any export document to report the movement of the cargo to its final destination.

Impending and actual arrival changes

CURRENT	FUTURE
Impending and actual arrival reports may be communicated manually, by phone and fax, or electronically by the vessel owner, who is a registered user of SCA.	Impending and actual arrival reports will have to be communicated to Customs electronically, unless there is no cargo on board. In that case impending and actual arrival reports may be submitted manually.
Port Authority 'arrives' vessels.	Vessel operator will be responsible for reporting the vessel's arrival using the sea AAR. The AAR must be made no later than 24 hours after the vessel's arrival.
Impending arrival reports can be made no later than prescribed times.	Sea IAR must be made no earlier than 10 days before the stated ETA and no later than the prescribed period# prior to arrival. If the journey from the last international port is shorter than the prescribed time, then regulations will support these voyages.

* In the context of ICS processing, the terms *vessel* and *ship* are (unless expressly stated otherwise) to be understood as referring to the same thing. The term *ship* is used throughout the *Customs Act 1901* and associated legislation while the term *vessel* is used in the ICS.

The timing for this report has not yet been prescribed.

Transshipment goods will remain under Customs control from the time they discharge from the vessel until they are exported. This means Customs may direct a person in possession of, or with responsibility for, transshipment goods to take them to a specified Customs place.

SEA CARGO REPORTS

Throughout this document the term sea cargo reports is used collectively, however, that usage should not be confused with a specific sea cargo report, which will be referred to simply as a cargo report. The following list depicts the full range of reports to be submitted in the sea cargo reporting environment:

- sea impending arrival reports
- sea actual arrival reports
- cargo reports
- cargo list reports
- progressive discharge reports
- underbond movement requests
- outturn reports.

IMPENDING AND ACTUAL ARRIVAL REPORTS

The sea impending arrival report (sea IAR):

- provides advance notification of the vessel's estimated time of arrival (ETA)
- advises whether the vessel intends to discharge cargo
- identifies the party engaged to unload the cargo
- includes slot charterer information
- acts as a trigger for release of status.

The sea IAR must be reported at the start of the prescribed period# before the vessel's ETA. If the journey from the last international port is less than the prescribed period, then the report must be reported at the start of the shorter period (as specified in regulations) before its ETA. The report must be submitted electronically except where there is no cargo to be discharged. If there is no cargo to report, then Customs will accept either a documentary or electronic sea IAR.

The sea actual arrival report (sea AAR) verifies the time and place of arrival. Currently port authorities report the arrival (or 'arrive') of vessels for Customs purposes in SCA. This will no longer happen. The vessel operator will be required to report the actual arrival of the vessel to Customs. The report must be lodged within 24 hours of the vessel's actual arrival or before the issue of a certificate of clearance, whichever occurs first. The vessel operator may use a third party to lodge the impending and actual arrival on their behalf, but responsibility for the reports remain with the vessel operator.

CARGO REPORTS

The changes to cargo reports will affect the information required in the report and how that information is communicated to Customs. New features within the ICS will assist with the completion of cargo reports.

With the introduction of the *International Trade Modernisation 2001* (ITM) legislation, Customs will introduce mandatory electronic reporting for all cargo carried on board a vessel. This requirement will include the reporting of bulk, breakbulk and in-transit cargo. Further amendments made by the *Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004* will affect the reporting timeframes. The reporting timeframes for sea cargo reports will change with the new legislation. Sea cargo reports must be reported to Customs no later than the prescribed period[#] before the vessel's ETA at the **first** Australian port.

Another new feature of cargo reports will be the creation of self assessed clearance (SAC) declarations for low-value consignments. Consignments with a value below the import declaration threshold (currently A\$250) can be declared using a SAC declaration check box on the cargo report, however the goods must not be subject to any prohibitions, restrictions, or contain alcohol or tobacco products. Further information regarding SACs is available in the *Self-assessed clearance declarations* fact sheet.

There will also be a new report known as an integrated cargo report (ICR), which combines the cargo report with an underbond movement request. This new report will only be available to EDI clients and will allow for the cargo report and underbond movement request to be communicated to Customs as one.

Cargo Report changes

CURRENT	FUTURE
Cargo reports may be submitted manually or electronically.	Mandatory electronic reporting within the ICS.
No penalties for late reporting.	Introduction of sanctions and the Infringement Notice Scheme.
Cargo reporters are required to obtain permission from Customs to unload cargo (s74 permit to unship).	Permit to unship repealed. New legislation gives Customs authority to give directions on how and where the goods are to be stored, and the extent (if any) to which the goods may be moved.
Transshipment cargo must be formally entered.	Cargo report generates a transshipment number that also acts as a Customs authority number (CAN) for exportation.
No requirement to nominate other cargo reporters.	Cascade reporting is mandatory. Cascade reporting is the product of full-cargo reporting by all cargo reporters.

[#] The timing for this report has not yet been prescribed.

CONSIGNEE / CONSIGNOR

Consignee and consignor details are an important component of the risk-assessment process for Customs and AQIS. The cargo report is vital for risk assessment in order to protect the Australian community. As such Customs and AQIS need to receive accurate information to assist with the smooth and efficient release of cargo.

Customs has provided a concession in the provision of ultimate consignee details post implementation of the ICS. In the small number of cases where the cargo reporter does not have ultimate consignee details, information available from the import declaration will be used for Customs purposes prior to the release of the goods.

Cargo reporters need to be mindful of how they will deal with the requirement to report consignee details. If data elements are not completed, or poor information provided, the clearance of cargo may be delayed. For Customs and AQIS to clear the cargo within the screening period, accurate information in all data fields is required.

For further guidance on consignee/consignor see the *Consignee and consignor definitions - imports* fact sheet.

GENERAL MORATORIUM

To assist industry manage the change to full electronic reporting, the ITM legislation will allow **current manual reporters** a general moratorium period of six months, following the implementation of the cargo reporting provisions.

During this period documentary cargo reports will be accepted by Customs, however other reports including underbond movement requests (subject to section 68) and outturn reports will have to be submitted electronically at the commencement of the imports component of the ICS. The moratorium conditions allow the CEO of Customs to grant individual cargo reporters additional time (up to 18 months), to meet electronic cargo reporting requirements.

During the general (or extended) moratorium period, no infringement notices will be served and no prosecutions will be brought against current manual cargo reporters for late reporting.

CASCADE REPORTING

The term cargo reporter in the sea cargo environment will refer to a shipping company, freight forwarder or a bureau reporting on their behalf. Cascade reporting simply means each cargo reporter will have to notify Customs of any other cargo reporters on whose behalf they have carried cargo or on sold any space. It will then be the responsibility of that shipping company or freight forwarder to report that cargo. If this second cargo reporter has on sold all or part of this space to another cargo reporter, they will have to advise who is responsible for lodging the next cargo report. This process continues until all of the cargo has been reported with consignee details to the lowest level house bill of lading.

Cascade reporting is the cascade effect of the cargo reports aligning within the ICS. All cargo reporters play an important role in detailing all of the cargo that they have arranged for carriage on the vessel. If all parties report in a timely fashion, then the reports will link fully to the lowest bill of lading.

The ICS has been designed so that if the lowest house bill has been reported but the house bill above it has not, then the release for the party that has reported timely will not be disadvantaged. However Customs will be unable to guarantee a delivery status. The party that has not reported timely will be in breach of Section 64AB and may have sanctions brought against them or other compliance measures.

CARGO LIST REPORTS

Cargo list report changes

CURRENT	FUTURE
Container lists can be submitted manually or electronically.	Cargo lists will have to be submitted electronically within the ICS.
Container list reports only containers.	The cargo list will include electronic availability for the reporting of bulk, breakbulk and container information.

Underbond movement request changes

CURRENT	FUTURE
UBMRs can be submitted manually or electronically for all cargo.	UBMRs will have to be submitted electronically for cargo that is subject to Section 68. If the cargo is not subject to Section 68 then a manual UBMR will be accepted from the owner of the cargo only.
Second-leg UBMR cannot be approved until the first movement has been acquitted.	Underbond stacking will enable multiple moves to be approved simultaneously.
An UBMR relates to a single cargo report.	May include multiple lines from separate cargo reports.
Does not impact on transshipments.	May be used to generate a transshipment number. Where the request reason is transshipment, the ICS will check the associated cargo report/s. If the cargo has not been reported as transshipment the ICS will generate a transshipment number that may be quoted on export.
Cannot be requested by stevedores and depot operators.	May be requested by shipping companies, freight forwarders, stevedores, depot operators and brokers (only when the import declaration has not been commenced and if Section 68 does not apply).
An UBMR is separate from cargo report.	May be included in an integrated cargo report.
Request reason and mode of movement not required.	Request reason and mode of movement will be required within the UBMR.

The cargo list report (CLR) will replace the current container list reported through SCA. The CLR will allow a cargo reporter (shipping company only) to declare cargo that is not required to be manifested in a cargo report. This report ensures all cargo being discharged is correctly accounted for. Cargo that must be reported on the cargo list includes:

- cabotage - breakbulk, bulk or containerised coastal cargo
- shipping companies' own empty containers
- export cargo, which has been moved from one Australian port to another port for export, including breakbulk, bulk or containerised cargo.

Amendments made by the Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004 have affected the cargo list report timeframes. The cargo list report must be reported as per the prescribed period[#] before the vessel's ETA. Regulations will support journeys of vessels that are of a shorter period than the prescribed time.

UNDERBOND MOVEMENT REQUEST

An underbond movement request (UBMR) is an application to move cargo subject to Customs control between Customs controlled premises.

When the ICS is introduced there will be several changes to the way in which UBMRs are dealt with by Customs. Manual requests to

[#] The timing for this report has not yet been prescribed.

move cargo will be accepted if the cargo is not subject to Section 68 (Import declaration), for example: personal effects. If the cargo is subject to Section 68 the UBMR must be reported electronically by the cargo reporter, stevedore or depot operator, who has or intends to take possession of the goods. The list of entities has been extended with the introduction of the ITM legislation for UBMRs.

One of the new features of the ICS will be that UBMRs can be lodged through EDI in combination with a cargo report. The combined report will be known as an integrated cargo report (ICR) and will streamline the reporting process for EDI users.

The ICS will introduce a new facility enabling the movement of lines of cargo from separate cargo reports on one UBMR. Currently, only one UBMR can be made at a time. The ICS will also allow for second and subsequent movements to be lodged at the same time as the original movement request. This will be called underbond movement stacking. The first UBMR does not need to be outturned prior to the second UBMR being approved by Customs for movement.

It should be noted that UBMRs will not be accepted prior to a cargo report within the ICS. Requests to move unreported cargo will result in an error message to the requesting party.

OUTTURN REPORTS

Outturn reports will be required for all cargo discharged at a port or moved underbond to a Customs controlled premise (other than a warehouse). An outturn report verifies the goods actually received against what has been manifested to monitor surplus or short-landed cargo. The outturn report also acquits underbond movements.

Stevedores must lodge outturn reports for bulk and breakbulk cargo discharged from a vessel. This is an additional requirement to the progressive discharge report (PDR) for containerised cargo (see 'progressive discharge reports' below). Stevedores will also be required to outturn underbond cargo received into their establishment.

Cargo Outturn Report changes

CURRENT	FUTURE
Outturns can be submitted electronically or manually.	Outturn reports will have to be submitted electronically.
Outturn reports are not required from all parties.	A stevedore, depot operator, or person in charge of a Customs place (other than a warehouse) must provide outturn reports.
There is no incentive to provide accurate or timely cargo outturn information.	Sanctions will apply for late and/or incorrect outturn reporting.
Cargo is outturned against information provided to stevedores and depot operators by cargo reporters.	Abbreviated cargo report details may be provided by Customs to bulk and breakbulk stevedores and depot operators to complete outturn reports (where the information is available).

Progressive discharge report changes

CURRENT	FUTURE
Progressive discharge reports are not required in all circumstances.	Stevedores will be required to submit progressive discharge reports for all containerised cargo being discharged from a vessel.
No electronic legislation requirements for PDR.	Progressive discharge must be reported electronically.

The timing for this report has not yet been prescribed.

Where a depot operator or stevedore receives cargo that has been moved as a result of an underbond movement to a Customs place, an outturn report will be required. This includes the following types of cargo:

- FCL - full container load
- LCL - part container load
- bulk consignments
- breakbulk consignments.

Containerised cargo moved to a Customs place, but not unpacked, must be outturned within 24 hours of receipt.

Containerised cargo moved to a Customs place and unpacked, must be outturned within 24 hours of the completion of the unpacking.

Non-containerised cargo moved underbond to a Customs place must be outturned no later than the day after the cargo was recorded as being received.

Bulk or breakbulk cargo discharged from a vessel (excluding underbond movements by sea) must be outturned within five days of unloading the vessel.

Customs will provide stevedores and depot operators with abbreviated cargo report information where available, to assist in accurate outturn reporting. If the cargo being outturned is consistent with the details provided, a 'nil discrepancy' outturn report will be required.

PROGRESSIVE DISCHARGE REPORTS

Stevedores will be required to report all containers discharged from a vessel to Customs. This electronic report is called a progressive discharge report (PDR).

The containers being discharged will be reported to Customs by the stevedore in incremental blocks - every three hours - until all containers have been discharged from the vessel. Stevedores will be

required to report the first PDR within three hours after the first container was unloaded. A PDR will be required at the end of each subsequent three-hour period while containers are being discharged.

The first and final PDR will have to include the time the first and last containers were unloaded. Stevedores will not have to communicate a nil report to Customs when no containers are discharged.

When the unloading of remaining containers continues after a break, stevedores will be required to communicate a PDR report at the end of the three-hour period following recommencement. Stevedores will also need to electronically indicate any re-stowed containers in the PDR.

In addition to the above changes, there will be a new compliance and sanctions regime that will apply to late and inaccurate reports. Information about the penalties associated with late reporting can be found on the *Import Penalties* booklet.

OFFENCES

With the implementation of the imports component of the ICS, a range of strict liability and fault-based offences will apply where a person fails to meet certain import cargo reporting requirements.

For strict liability offences, it is not necessary for Customs to prove it was committed intentionally. Some of the strict liability offences will be subject to the Infringement Notice Scheme (INS).

A delegate of the Customs Chief Executive Officer (CEO) will be able to issue an infringement notice in lieu of prosecution where the delegate has reasonable grounds to believe an offence has been committed. An infringement notice penalty is generally one fifth the maximum amount a court may impose for the same offence. If a penalty outlined in an infringement notice is paid by the due date, subject to withdrawal and extension considerations, no prosecution action will be brought against the person for that offence.

Customs may apply administrative moratoriums on all related reporting offences. Information on these moratoriums can be found in the *Import Penalties* booklet.

FOR MORE INFORMATION

Go to www.customs.gov.au (follow the links to Cargo Management Re-engineering).

For import-related inquiries email cmr@customs.gov.au or phone 1800 022 267.

For export-related inquiries email information@customs.gov.au or phone 1300 363 263.